

## Beacon Weekly Investment Insights

Last week we continued down the path of tariff and trade policy uncertainty as we approach the latest implementation deadline of August 1. Corporate earnings season has begun for the S&P 500 constituents and over the next few weeks, the second quarter results will be highly scrutinized as analysts look for clues of tariff related impacts on pricing, margins, and growth outlooks. This uncertainty, however, has not dampened investors' overall enthusiasm for financial markets. On Thursday of last week, both the S&P 500 and Nasdaq Composite indexes both reached record highs. For the week, the S&P 500 gained 0.6%, the Nasdaq gained 1.5%, and the Dow Jones Industrials edged 0.1% lower. Volatility persisted in the fixed income markets during the week, but overall, yields as measured by the benchmark 10-Year US Treasury settled slightly higher at 4.43%.

As mentioned above, second-quarter earnings season officially began led as usual by money center banks like JP Morgan, Citibank, and Wells Fargo along with other major financials, notably Goldman Sachs and BlackRock. The banks for the most part exceeded expectations and thematically saw a rise in their net interest income along with strength in capital markets activity, both trading and deal-making. Goldman Sachs benefited from market volatility during the quarter as trading revenues rose while asset manager, BlackRock, saw its assets pass the \$12 trillion mark, reflecting investors' appetite to add funds into the financial markets. Outside of the financial sector we also had solid results from the likes of Delta Airlines, PepsiCo, and technology giant Taiwan Semiconductor. Of note, just over 10% of the Index have reported and approximately 20% more will report this week.

From an economic standpoint, we saw inflation data last week that confirmed retail and wholesale prices stubbornly above the Federal Reserve's target of 2.0%. The Consumer Price Index (CPI) rose 2.7% in June, slightly faster than the 2.4% increase in May, but basically in-line with analyst expectations. "Tariff-sensitive" items such as clothing and furniture saw increases while auto pricing, both new and used, both fell. At the wholesale level, the Producer Price Index (PPI) was flat for the month of June as May's data was revised upward to a gain of 0.3%. On a year-over-year basis, producer prices are up by 2.3%. This inflation data did not influence the futures markets that predict interest rate policy and the overwhelming consensus remains for no interest rate decline for July's FOMC meeting at the end of this month.

Resilience with the overall consumer remains in place. Retail sales data from the month of June showed a surprisingly robust gain of 0.6%, besting expectations for a rise of 0.1%. This report follows the sharp decline of 0.9% during the month of May. For the quarter, retail sales are expected to equate to a modest expansion in quarterly GDP. Housing starts in the US also showed a slight uptick in June, rising to 1.32 million versus May's release of 1.26 million.

One final note regarding last week is the continued pressure from the Trump Administration of Federal Reserve Chairman Jay Powell. During the week, financial markets reacted negatively to a report the President was going to fire Chair Powell only to be refuted by the President hours later. Another angle of scrutiny on the Fed Chair is coming from the current restoration and renovation of the Fed's historic building and adjacent vacant property. Cost overruns and construction delays have somehow fallen to Jay Powell and have been suggested as potentially fraudulent. This has quieted somewhat, but the President continues to broadcast the search for Powell's successor is ongoing with a decision to be announced possibly in September. As a reminder, Jay Powell was appointed Chairman of the Federal Reserve by President Trump during his first administration and the current term expires in May of 2026.

This week, there is some data to focus on such as the Leading Economic Indicator Index (LEI) to be reported on Monday followed by existing home sales on Wednesday, new home sales on Thursday, and durable/capital goods orders on Friday. As mentioned earlier, earnings are also in focus with about 100 companies scheduled to report.

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<b>Market Scorecard:</b>	<b>7/18/2025</b>	<b>YTD Price Change</b>
Dow Jones Industrial Average	44,342.19	4.23%
S&P 500 Index	6,296.79	7.06%
NASDAQ Composite	20,895.66	8.21%
Russell 1000 Growth Index	4,372.09	8.16%
Russell 1000 Value Index	1,928.09	5.71%
Russell 2000 Small Cap Index	2,240.01	0.44%
MSCI EAFE Index	2,640.63	16.75%
US 10 Year Treasury Yield	4.42%	-15 basis points
WTI Crude Oil	\$67.34	-6.11
Gold \$/Oz.	\$3,349.94	27.64%



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